

Veg. Oil Weekly Research Report

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Executive Summary

Domestic Veg. Oil Market Summary

Edible oil prices featured mixed trend during this week in domestic market. CBOT soy oil and BMD palm oil rose during the week. Soy oil, palm oil, sunflower oil and coconut oil prices rose while groundnut oil prices closed sideways. Rapeseed oil prices closed in red.

On the currency front, Indian rupee is hovering near 70.79 against 69.58 previous week. Factors to watch in the coming weeks will be movement of Indian rupee against US dollar and crude oil prices. Rupee is expected to depreciate and crude oil prices will rise in near-term.

We expect soy oil and palm oil to rise on strong fundamentals.

Outlook:

Weekly Call -: In NCDEX, market participants are advised to go long above 750 levels for a target of 765 and 770 with a stop loss at 740 on closing basis. We expect refined soy oil at Indore (without GST) to stay in the range of Rs. 720-780 per 10 Kg. in the near term.

In MCX, market participants are advised to go long in CPO above 540 for a target of 555 and 560 with a stop loss at 530 on closing basis. We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 500-560 per 10 Kg in the near term.

International Veg. Oil Market Summary

On the international front, weak crop condition of soybean in US, lower soybean crop in US, low stocks of soy oil in US, firm demand of soybean from China and rise in crude oil prices will support soy oil prices in coming days.

Expectation of slow rise in palm oil stocks in Malaysia, expectation of slow rise in production of palm oil in Malaysia and Indonesia, rise in exports of palm oil Malaysia and Indonesia, rise in competitive oils, weak ringgit and rise in crude oil prices, are expected to support CPO prices in near term.

Soy oil Fundamental Analysis and Outlook:-**Domestic Front**

- Soy oil featured firm sentiment in domestic markets in the week in review on firm demand and rise in prices of soy oil in international markets.
- Soy oil prices closed higher during the week in Indore on firm demand and rise in prices of soy oil in international markets.

Bad crop condition of soybean in US, lower stocks of soy oil in US and higher imports of soybean by China led to strengthening of soy oil international soy oil prices.

Import parity returned to disparity during the week on rise in prices of soy oil in international markets and depreciation of Rupee and is quoted at disparity of 1.0-1.5 per kg compared to parity of Rs 0.0-0.5 per kg. Import demand are likely to rise due to parity in imports.

Soy oil demand is weak at high seas as its prices rose less at high seas compared to CNF markets compared to last week.

Soy oil demand is weak at CNF markets as prices rose less at CNF compared to FOB markets compared to last week.

US imposed 10 percent import duty on imports of Chinese goods worth USD 300 billion over and above 25 percent import duty on USD 250 billion.

Soybean demand from China has risen in July due to positive crush margins despite outbreak of swine flu leading to mass slaughter of swine.

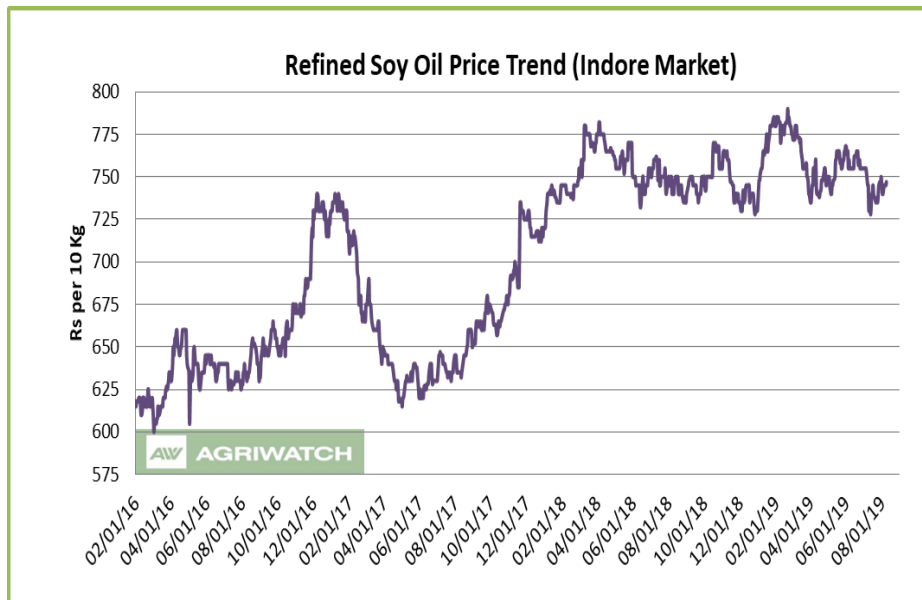
Soy oil stocks fell in US in June due to reduced crush of soybean and increased disappearance of soy oil in US has led to strengthening of soy oil international prices.

Basis of soy oil (Argentina) rose over soy oil CBOT on higher demand of soy oil from Argentina in 2019/20 leading to higher FOB soy oil (Argentina) prices. Its premium over CBOT has increased.

Imports of soy oil declined in June 2019 compared to June 2018 and lower than May 2019. Imports declined at 10,000 tons in June compared to May 2019 while port stocks remained unchanged indicating weak demand in June.

CDSO is trading at high premium over RBD palmolein at high seas at Rs. 110 (Rs. 116 last week) per 10 kg will decrease CDSO import demand.

Refined soy oil premium over RBD palmolein is higher at Rs 155 (Rs 160 last week) per 10 Kg, which is high and may cap soy oil prices in domestic markets. In USD terms, premium of CDSO CNF over CPO CNF was



quoted at USD 201 (USD 212 last week) per ton for Aug delivery, which is higher and decrease demand of CDSO at CNF markets compared to CPO CNF. Values in brackets are figures of last week.

- Soy oil import scenario – According to SEA, soy oil imports fell 22.84 percent y-o-y in June to 2.23 lakh tons from 2.89 lakh tons in June 2018. In the oil year 2018-19 (Nov 2018-June 2019), imports of soy oil were 16.92 lakh tons compared to 17.77 lakh tons in last oil year, lower by 4.78 percent in the corresponding period last oil year.
- All India sowing of soybean has reached 109.84 lakh hectares compared to 110.72 lakh hectares as on 9.08.2019. Sowing of soybean is lagging in Maharashtra while sowing is good in Madhya Pradesh.
- Imported crude soy oil CNF at West coast port is offered at USD 741 (USD 722) per ton for Aug delivery, Sep delivery is quoted at USD 741 (USD 715) per ton and Oct delivery is quoted at USD 745 (USD 704) per ton. Values in brackets are figures of last week. Last month, CNF CDSO July average price was USD 692.44 (USD 693.4 per ton in June 2019) per ton. Soy refined (Indore) is quoted at Rs 752 (Rs 740 last week) per 10 kg.
- On the parity front, margins decreased during the week on rise in prices of soy oil in international markets and depreciation of Rupee, and we expect margins to remain weak in coming days. Currently, refiners lose USD 20-25/ton v/s gain of USD 35-40/ton (July month) margin in processing the imported Soybean Oil (Argentina Origin).

International Front

Soy oil prices are expected to rise due to adverse weather of soybean in US, expectation of lower crop of soybean in US, low stock of soy oil in US and firm demand of soybean by China.

However, trade dispute between US-China will underpin soy oil prices.

Trade talks between US and China collapsed and it ended much before schedule as both sides failed to agree on thorny issues. US imposed 10 percent import duty on USD 300 billion worth of Chinese goods over and above 25 percent import duty on USD 250 billion worth Chinese goods imports. This came after trade talks collapsed. Fresh round of trade talks are expected in Sep. China has stated that it will retaliate with import duties on imports if US goods like soybean. This comes at a time when US is sitting on record stocks of soybean. This will underpin soy oil prices in coming days.

Soybean weather has worsened in US Midwest with dry conditions affecting standing crops and more dry weather is forecasted in coming weeks will decrease US soybean yield. Soybean crop condition is weakest in last 10 years and lower area and weaker crop condition will lead to lower crop of soybean in US in 2019/20. USDA forecast soybean crop in US at 104 MMT in July review against previous estimate of 114 MMT and is expected to reduce yields and lower soybean crop in August demand and supply estimate.

China reported higher soybean import demand of soybean in July due to firm crush margins in last few months and most of soybean came from Brazil. Premium of Brazil's soybean rise of US soybean due to US-China trade dispute stroking expectation of record demand of soybean by China. This led to rise in global soybean complex prices.

China reported multiple breakout of swine flu in various provinces. This has led to mass slaughter of swine leading to 35 percent fall in swine population in the country. This has led to lower demand of soybean feed in

the country in longer term. Lower feed demand will let China choose options from various destinations. This comes after China decided to diversify protein feed requirement of the country. It lowered protein feed requirement, opened various destinations from import of oilseeds, exploring various options to procure feed from various destinations including Argentina, diversify for soybean as feed requirement with other oilseeds and import higher amount of edible vegetable oil to reduced dependence of soybean as oil medium. This has led to surge in imports of edible vegetable oil by China in 2019.

However, China started liquidating soybean state reserves to ease pressure of soybean in the country.

Lower import of soybean by China in 2019 has led to shift of buyers to other competing oils like palm oil leading to weakness in global soy oil prices.

Soy oil stocks fell in US in June as reported by NOPA on lower crush of soybean and higher domestic disappearance of soy oil on higher use in biodiesel and higher food, feed and industrial use. Stocks of soy oil falls seasonally, but the fall was larger than trade estimates. Lower stocks of soy oil will support its prices.

USDA reported soy oil end stocks unchanged in US from 2019/20 in its July estimate against trade estimate of fall in end stocks in 2019/20. Higher than expected stocks was due to lower exports of soy oil from the country.

USDA reduced soybean yield estimate in US due to weak crop condition on wet and cool spring and expectation of dry weather in coming months, which will sap yields.

Soybean crop area in US was much below expectation at 80.0 million acres compared to previous estimate of 84.6 million acres in March estimate, reported USDA in its quarterly planting report. Wet and cold spring in US slowed planting and stopped farmers from planting additional acres. Weather has been bad for most of June.

Soybean crop in Argentina was higher than expected due to higher yields in soybean belts. Further, soybean exports is expected higher due to be higher Chinese demand. China has sent team to visit soybean crushers Argentina, in a step to source soy meal from the country in a step to diversify from US soybean. However, market is skeptical about Chinese action as its record is weak. However, China is importing soybean from Argentina.

Soy oil exports from Argentina are expected to accelerate due to firm demand from importing destinations and lower soybean crop in US, which will cut soy oil supplies in US. This has led to rise in basis over CBOT soy oil due to firm demand from the country.

All the above factors will support soy oil CBOT prices.

Soybean crop area is expected to be higher in 2019/20 leading to higher soybean in Brazil in 2019/20. Soybean crop is hiked to 122 MMT in 2019/20 by Brazil's states agency CONAB. USDA has previously estimate Brazil's soybean crop for 2019/20 at 123 MMT and is expected to rise further making Brazil as top soybean producer in the world. USDA kept soybean crop in Brazil for 208/19 at 117 MMT.

Competitive oils like BMD palm oil and DALIAN RBD palmolein is expected to trade higher due to rising demand scenario.

Global crude oil prices are expected to rise due to OPEC cut in crude oil production, sanctions on Iran and rise in tensions between US will support soy oil prices.

- The newly planted US soybean is blooming at 72% which is down from 91% during the corresponding period last year and also down from 5-year average of 87%. About 37% soybean is setting pods which is down from 73% in corresponding period last year and 5-year average of 63%. Good to excellent condition at 54%

compared to 67% in corresponding period last year reported in the US crop progress report dated 4 August 2019 by United States Department of Agriculture (USDA).

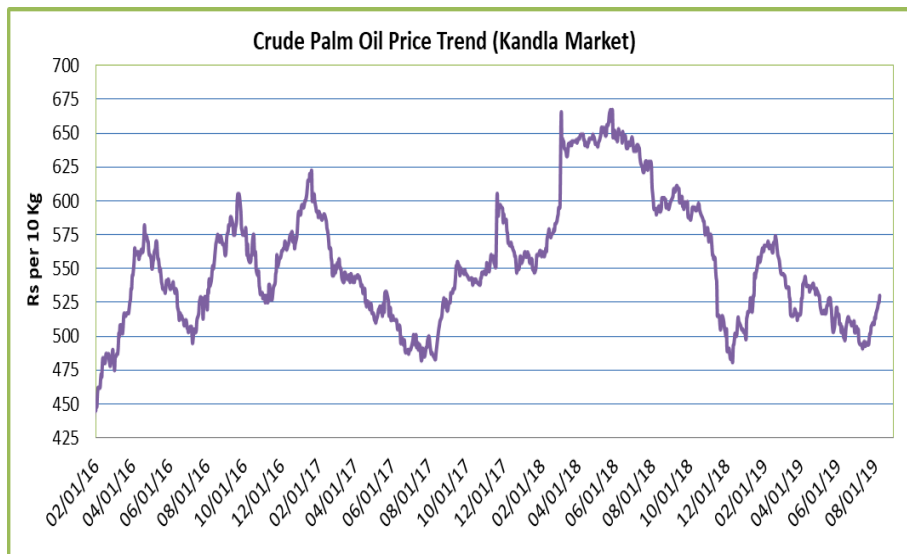
- According to China's General Administration of Customs (CNGOIC), China's July edible vegetable oils imports rose 7.33 percent m-o-m to 8.64 LT from 8.05 LT in June 2019. Year to date imports of edible vegetable oil rose 49.9 percent to 49.11 lakh tons.
- According to China's General Administration of Customs (CNGOIC), China's July soybean imports fell 32.72 percent to 8.64 MMT from 6.51 MMT in June 2019. Imports in July are 25.1 percent lower than July 2018 import of 8.70 MMT. Year to date soybean imports fell 11.2 percent to 46.91 MMT.
- According to National Oilseed Processors Association (NOPA), U.S. June soybean crush fell by 3.85 percent to 148.843 million bushels from 154.796 million bushels in May 2019. Crush of soybean in June was lower by 6.52 percent compared to June 2018 figure of 159.228 million bushels. Soy oil stocks in U.S. at the end of June fell 2.91 percent to 1.535 billion lbs compared to 1.581 billion lbs in end May 2019. Stocks of soy oil in end June was lower by 13.08 percent compared to end June 2018, which was reported at 1.766 million lbs. Soybean oil stocks was above trade expectation.
- According to United States Department of Agriculture (USDA) July estimate, U.S 2019/20 ending stocks of soy oil estimate has been kept unchanged at 1,535 million lbs from its earlier estimate. Opening stocks are decreased to 1,875 million lbs from 1,950 million bushels in its earlier estimate. Production of soy oil in 2019/20 is kept unchanged at 24,535 million lbs. Imports in 2019/20 are kept unchanged at 450 million lbs. Biodiesel use in 2019/20 is kept unchanged at 8,700 million bushels. Food, feed and other industrial use in 2019/20 is kept unchanged at 14,900 million lbs. Exports in 2019/20 are lowered to 1,725 million lbs from 1,800 million lbs in its earlier estimate. Average price range estimate of 2019/20 is kept unchanged at 29.50 cents/lbs.
- The monthly supply and demand report of U.S. Department of Agriculture, for the month of July forecasts U.S. 2019/20 soybean stocks at 795 million bushels, down from 1,045 million bushels in its earlier estimate. Opening stocks in 2019/20 is decreased to 1,050 million bushels from 1,070 million bushels in its earlier estimate. Soybean production estimate is lowered to 3,485 million bushels from 4,150 million bushels in its earlier estimate. U.S. soybean exports estimate are lowered to 1,875 million bushels from 1,950 million bushels in its earlier estimate. Imports estimate is unchanged 20 million bushels. Crush in 2019/20 is estimated at 2,115 million bushels, unchanged from its earlier estimate. Seed use in 2019/20 has been kept unchanged at 96 million bushels. Residual use is kept unchanged at 34 million bushels. Average price range in 2019/20 is increased to 8.40 cents/bushel compared to 8.25 cents/bushel from its earlier estimate.
- USDA WASDE highlights: The 2019/20 season-average price for soybeans is forecast at \$8.40 per bushel, up 15 cents from last month. The soybean meal prices are forecast at \$300 per short ton, up 5 dollars. The soybean oil price forecast is unchanged at 29.5 cents per pound.

Price Outlook: We expect refined soy oil (without GST) at Indore to stay in the range of Rs 720-780 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- Crude palm oil (CPO) featured firm trend at its benchmark market at Kandla on firm demand and rise in prices of CPO in international markets. RBD palmolein also rose at its benchmark market of Kandla on firm demand and rise in prices of RBD palmolein in international markets.
- Prices of CPO closed higher at Kandla on firm demand and rise in prices of CPO in international markets.



Prices of CPO rose less at high seas compared to CNF markets compared to last week indicating firm supply at high seas.

Reduction in import duty on RBD palmolein has weakened CPO imports as duty differential between crude palm oil and RBD palmolein has fallen from 11 percent to 5 percent. Preferential treatment given to Malaysia in terms of lower RBD palmolein imports has led to higher imports of RBD palmolein and lower imports of CPO from Indonesia.

Traders are expected to take advantage of lower international prices of CPO by increasing buying and are expected to continue bargain buying.

Data from cargo surveyors show rise in imports of palm oil by India, in July from Malaysia.

Imports of palm oil by India increased in June compared to June 2018 while it fell compared to May 2019. Rise in CPO imports came on low base y-o-y. RBD palmolein imports rose in June compared to June 2018.

Imports of CPO fell in June m-o-m due to weak demand of CPO in Indian markets, high import disparity, high stocks at ports and lower duty differential between CPO and RBD palmolein.

Imports of CPO will remain firm due to parity in imports. However, CPO imports will be weak compared to RBD palmolein due to lower import parity compared to imported ready to use palmolein.

Falling premium of RBD palmolein over CPO at CNF markets will decrease CPO imports.

CPO import disparity increased during the week due to rise in prices of palm oil in Indian markets and is quoted at Rs 1.5-2.0 per kg compared to Rs 1.5-2.0 per kg last week.

Port stocks fell in June on fall in imports m-o-m and fall in port stocks was higher than fall in imports indicating firm demand in June and destocking at ports.

Demand of CPO is firm at CNF markets as prices rose more at CNF markets compared to FOB markets compared to last week.

RBD palmolein showed higher prices in its benchmark market on firm demand and rise in prices of RBD palmolein in international.

RBD palmolein prices rose less at high seas compared to CNF markets indicating firm supply at high seas.

Import demand of RBD palmolein rose in June y-o-y due to lower prices of RBD palmolein in international markets, higher import parity compared to CPO and lowering of import duty on RBD palmolein which led to lowering of duty differential between CPO and RBD palmolein leading to higher RBD palmolein imports.

Import demand of RBD palmolein is expected to firm in oil year 2018-19 (Nov 2018-Oct 2019) due to reduction import duty on RBD palmolein, lower differential of RBD palmolein import duty over CPO.

Imports of RBD palmolein rose due to fall in prices of palm products in international markets.

Stocks of RBD palmolein at Indian ports have decreased m-o-m due to lower imports and destocking at ports.

Imports fell more in June m-o-m compared to fall in port stocks indicating weak demand in June.

Demand of RBD palmolein was less compared to CPO at high seas as premium of RBD palmolein over CPO was at Rs 60 (Rs 65) per 10 kg compared to last week.

RBD palmolein import disparity increased during the week and is quoted at Rs 0.0-0.5 per kg compared to parity of 0.0-0.5 per kg last week.

Import parity of RBD palmolein is higher than CPO will increase import of RBD palmolein compared to CPO.

Margins are higher in importing CPO and selling refined oil in domestic markets, than selling ready to use RBD palmolein in domestic markets.

Higher refining margins in domestic refined palmolein compared to imported ready to use palmolein will increase imports of CPO.

Demand of RBD palmolein is firm at CNF markets as prices rose more at CNF markets compared to FOB markets compared to last week.

CDSO CNF premium over CPO CNF is at USD 221 (USD 212 last week) per 10 kg which is high and may increase imports quantity of CPO. Premium of CDSO soy oil high seas over CPO high seas is at Rs. 175 (Rs 181 last week) per 10 Kg increased CPO demand at high seas. Premium of refined soy oil over RBD palmolein at Rs 155 (Rs 160 last week) per 10 kg. will increase RBD palmolein demand. RBD palmolein discount over sunflower at CNF markets is remain at USD 242.5 (USD 272.5 last week) per ton. High premium of refined sunflower oil over RBD palmolein remain at Rs 245 (Rs 245) per 10 kg will increase RBD palmolein imports. Values in brackets are figures of last week.

- Palm oil import scenario – According to Solvent Extractors Association (SEA), palm oil imports in June rose 40.78 percent y-o-y to 6.87 lakh tons from 4.88 lakh tons in June 2019. Imports in the oil year 2018-19 (November 2018-June 2019) are reported higher by 9.50 percent y-o-y at 60.86 lakh tons compared to 55.58 in corresponding period last oil year.

Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports rose 38.03 percent y-o-y in June to 4.21 lakh tons from 3.05 lakh tons in June 2019. Imports in oil year 2018-19 (November 2018-June 2019) were reported marginally lower y-o-y at 41.67 lakh tons compared to 41.72 lakh tons in corresponding period last oil year.

RBD palmolein import scenario- RBD palmolein imports rose y-o-y in June 44.63 percent to 2.56 lakh tons from 1.77 lakh tons in June 2018. Imports in oil year 2018-19 (November 2019-June 2019) were reported higher by 38.86 percent y-o-y at 18.26 lakh tons compared to 13.15 lakh tons in corresponding period last oil year.

- According to United States Department of Agriculture (USDA) July estimate, India's 2019/20 palm oil imports estimate have been reduced to 9.75 MMT from 10.75 MMT in its earlier estimate, lower by 9.3 percent. Palm oil

consumption have been lowered to 9.925 MMT from 10.925 MMT in its earlier estimate, lower by 9.15 percent. Further, palm oil import estimate of 2018/19 have been reduced to 9.5 MMT from 10.5 MMT in its earlier estimate, lower by 9.5 percent. Consumption of palm oil have been lowered to 9.6 MMT from 10.6 MMT in its earlier estimate, lower by 9.4 percent.

- Import duty on palm stearin will be taxed at 7.5 percent, according to Finance Minister Nirmala Sitaraman, in her first budget. Palm product with Free Fatty Acid (FFA) at or above 20 percent is subject to import duty. Palm stearin is used in various industrial applications including soaps. India imported palm stearin from Malaysia and Indonesia. Indian industry was asking for long to increase import duty on palm stearin which decreased refining margins of palm oil. This step will help Indian palm oil refiners.
- On the trade front, CNF CPO (Indonesian origin) at Indian port is quoted at USD 540 (USD 510) per ton for Aug delivery. Last month, CNF CPO July average price was at 492.33 per ton (USD 492.96 per ton in June 2019). Values in brackets are figures of last week.
Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 577.5 (USD 550) per ton for Aug delivery. Last month, CIF RBD palmolein July average price was USD 531.88 (USD 536.28 in June 2019) per ton. Values in bracket depict last month quotes.
Ready lift CPO duty paid prices quoted at Rs 530 (Rs 515) per 10 Kg and Aug delivery duty paid is offered at Rs 530 (Rs 515) per 10 kg. Ready lift RBD palmolein is quoted at Rs 595 (Rs 580) per 10 kg as on Aug 9, 2019. Values in brackets are figures of last week.
- On the parity front, margins fell during this week due to rise in prices of palm products in international markets and depreciation of Rupee. Currently refiners lose USD 5-10/ton v/s gain of USD 15-20/ton (last month) margin in processing the imported CPO and imports of ready to use palmolein lose USD 5-10/ton v/s loss of USD 10-15/ton (last month) parity.

International Front

Palm oil prices are likely to rise due to expectation of slow rise in end stocks of palm oil in Malaysia and fall of stocks of palm oil in Indonesia, slow rise in production of palm oil, rise in exports of palm oil, rise in competitive oils prices, weak Ringgit and rise in crude oil prices.

Palm oil stocks are expected to rise slowly in Malaysia in July due to slow rise in production of palm oil in Malaysia and rise in exports of soy oil from Malaysia.

Palm oil end stocks are expected to rise in July due to rise in palm oil production in July amid rise in exports of palm oil from Malaysia in July.

Production of palm oil will rise due to seasonal uptrend of production and return of labor to plantations after Ramadan break.

Further, production of palm oil will rise in Indonesia due to favorable weather conditions in the country and seasonal uptrend of production. Production of palm oil will rise in 2019 due to high production cycle.

Exports of palm oil from Indonesia will remain weak in medium term. However, record use of palm oil in biodiesel in Indonesia due to higher fuel standards will lead to lower stocks of palm oil in the country. This will decrease end stocks of palm oil in the country and supporting prices.

Exports of palm oil has risen 5.0 percent in July due to firm demand from top importing destinations especially India.

Imports from India remained firm due to firm demand in the country and lower import duty on RBD palmolein imports from Malaysia.

Import parity has also improved in July and imported ready to use palmolein demand is more than domestic refined RBD palmolein. High stocks of palm oil at Indian ports will slow imports of palm oil in coming months. However, lower planting of oilseed crop in India due to bad monsoon will lead to rise in imports of palm oil in coming months.

Demand of palm oil from China rose due outbreak of swine flu in the country which has led to higher imports of edible vegetable oil in 2019 until date.

This comes amid lower imports of soybean by China in 2019, which has led to lower crush of soybean in the country leading to lower supply of soy oil leading to higher imports of palm oil. Lower imports of soybean are due to US-China trade dispute and outbreak of swine flu in the country.

Global demand of palm oil is expected to fall in 2019 for the first time since collection of trade data, indicating that buildup of palm oil stocks is expected to continue in coming months as demand is expected to remain low.

Palm oil stocks in Indonesia are expected to fall below 3 MMT in July-Oct due to rise in biodiesel demand in the country and slow rise in production of palm oil compared to rise in palm oil demand in the country.

Higher, use of palm oil in biodiesel in the country, contributed to fall in stocks of palm oil in last six months.

Indonesia has imposed import duty on sugar imports of sugar from India as has asked India to bring RBD palmolein import duty in lines with Malaysia, in exchange of higher sugar imports from India by Indonesia.

Production of palm oil is expected to rise 3.5 percent in Indonesia in 2019 on higher produce from maturing plantations, according to GAPKI.

Depreciation of Ringgit is expected to support palm oil prices. Ringgit has depreciated below 4.15/USD due to strong US dollar. This will make exports of palm oil competitive compared to other oil and same oils with different destinations.

Indonesia removed export levy on exports of palm products from the country due to fall in prices of palm oil and record stocks of palm oil in the country.

Increasing use of biodiesel in Indonesia will reduce palm oil stocks in the country. The country has mandated 20 percent bio content in all type of gasoline use in the country and is working to increase usage to 30 percent in 2019-20.

Malaysia has unveiled plans to double biodiesel production in the country and increase to 20 percent bio content in gasoline, in an effort to clear stocks of palm oil in the country.

RBD Palmolein Malaysia premium has increased over Indonesia CPO due to firm demand. Export demand will fall from Malaysia due to higher premium of Malaysian palmolein over Indonesia CPO.

Competitive oils like RBD palmolein DALIAN and CBOT soy oil is expected to support palm oil prices.

Global crude oil prices are expected to rise on expected cut on crude oil production by OPEC, sanction on Iran and rise in tension between US and Iran will support palm oil prices.

- According to Indonesia Palm Oil Association (GAPKI), exports of palm oil (CPO and PKO) from Indonesia fell 5.24 percent in June y-o-y to 2.17 MMT from 2.29 MMT in June 2018. Exports of palm oil (CPO and PKO) fell 9.58 percent m-o-m in June at 2.17 MMT compared to May 2019 at 2.40 MMT. Stocks of palm oil in June 2019 rose to 3.55 MMT from 3.53 MMT in May.

- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's July palm oil exports rose 4.8 percent to 1,437,790 tons compared from 1,371,636 tons last month. Top buyers were India at 424,525 tons (394,934 tons), European Union 304,615 tons (239,285 tons), China at 135,690 tons (160,250 tons), United States at 75,078 tons (92,355 tons) and Pakistan at 39,000 tons (56,000 tons). Values in brackets are figures of last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's July palm oil exports rose 5.1 percent to 1,411,535 tons compared to 1,343,428 tons last month. Top buyers were India & subcontinent 489,795 tons (447,989 tons), European Union 306,335 tons (338,589 tons) and China at 116,990 tons (76,350 tons). Values in brackets are figures of last month.
- According to Malaysia Palm Oil Board (MPOB), Malaysia's June palm oil stocks fell 0.97 percent to 24.24 lakh tons compared to 24.47 lakh tons in May 2019. Production of palm oil in June fell 9.17 percent to 15.18 lakh tons compared to 16.72 lakh tons in May 2019. Exports of palm oil in June fell 19.35 percent to 13.83 lakh tons compared to 17.15 lakh tons in May 2019. Imports of palm oil in June rose 63.86 percent to 1.01 lakh tons compared to 0.62 lakh tons in May 2019. End stocks of palm oil fell less than trade expectation on lower exports and higher imports of palm oil.
- Policy review: According to Malaysia Palm Oil Board (MPOB), Malaysia kept Aug crude palm oil export tax unchanged at 0.0 percent. Export duty of palm oil is calculated at reference price of 1905.38 ringgit (\$463.93) per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent.

According to Indonesia trade ministry, Indonesia kept August crude palm oil export duty unchanged at zero. The reference price is set at USD 532.30 per ton, a fall of 1.9 percent from last months, much lower than lower threshold for export duty and below threshold of USD 570 to calculate export levy. Indonesia has kept crude palm oil export duty at zero since May 2017.

Price Outlook: We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 500-560 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis-**Domestic Front**

- Mustard oil prices showed weak trend in benchmark market on weak demand. Arrivals of rapeseed rose last week.
- Prices of rapeseed oil expeller featured weak trend in its benchmark market on weak demand.

Demand is weak due to high demand of imported oils like palm oil and soy oil.

Demand is expected to firm from mid Sep due to festive demand.

Prices fell despite rise in rapeseed prices indicating weak demand.

Prices fell despite rise in palm oil and soy oil indicating weak demand.

Rapeseed oil is moving out of Rajasthan at Rs 800 per 10 kg.

There is disparity in crush of rapeseed.

NAFED has started sale of mustard procured in MY 2019-20 from 26.07.2019 and it is expected that it will try to dispose all the stocks of mustard by Feb 2020.

NAFED has procured 10.79 lakh tons of rapeseed in the current Rabi season. Stock with NCDEX is 0.46 lakh tons. Further, there is good stock of mustard with trade and farmers.

Arrivals of rapeseed has increased pace at various key markets.

Rapeseed end stocks in MY 2018-19 was higher on account of higher crop of rapeseed last year. Agriwatch estimated rapeseed crop at 7.1 MMT in MY 2018-19.

However, MY 2019-20 rapeseed crop is estimated to be 7.9 MMT, which is above last year due to higher rapeseed sown area and higher yields. This will lead to lower rapeseed prices thereby adversely affecting rapeseed oil prices. Rapeseed arrivals have fallen.

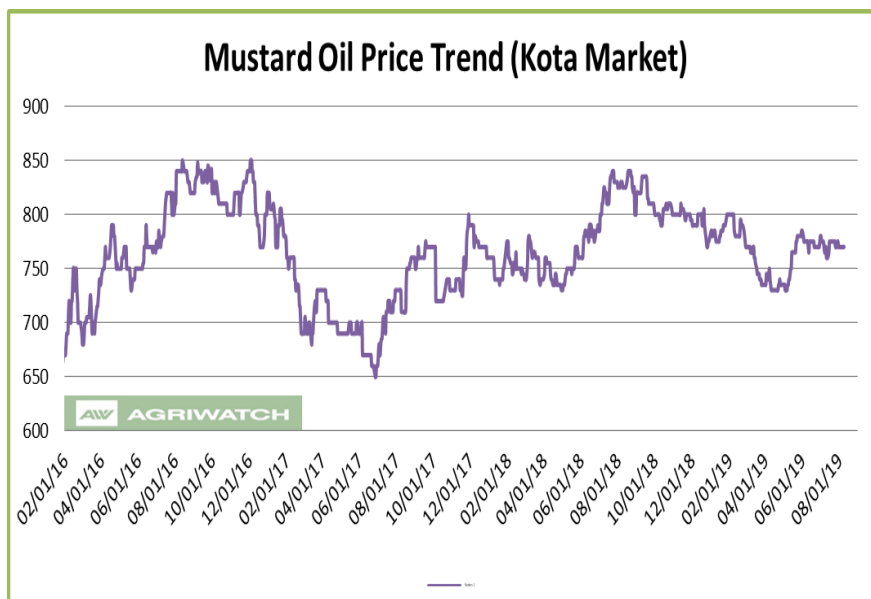
In third advanced estimates, government estimates Mustard seed output at 87.82 lakh tonnes for 2018/19 higher by 4.2% from 84.3 lakh tonnes in 2017/18.

Falling discount of soy oil prices to rapeseed kacchi ghani prices is likely to support rapeseed oil prices.

Falling premium of Jaipur kacchi ghani rapeseed oil over refined soy oil in domestic market is at Rs 44 (Rs 61) per 10 Kg will support rapeseed oil prices.

Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is remain at Rs 201 (Rs 221) per 10 kg will decrease rapeseed oil prices.

There was no import of canola oil in June. Imports of canola oil is weak in oil year 2018-19 (Nov 2018-June 2019) after weak oil year 2017-18 (Nov-Oct) indicating weak demand of canola oil. Hike in import duty on canola has slowed import demand. There are negligible stocks of canola oil at ports.



Kacchi Ghani and refined soy oil trading range is low, which will improve demand of rapeseed oil.

Markets are expected to trade sideways to firm tone in coming days on firm demand.

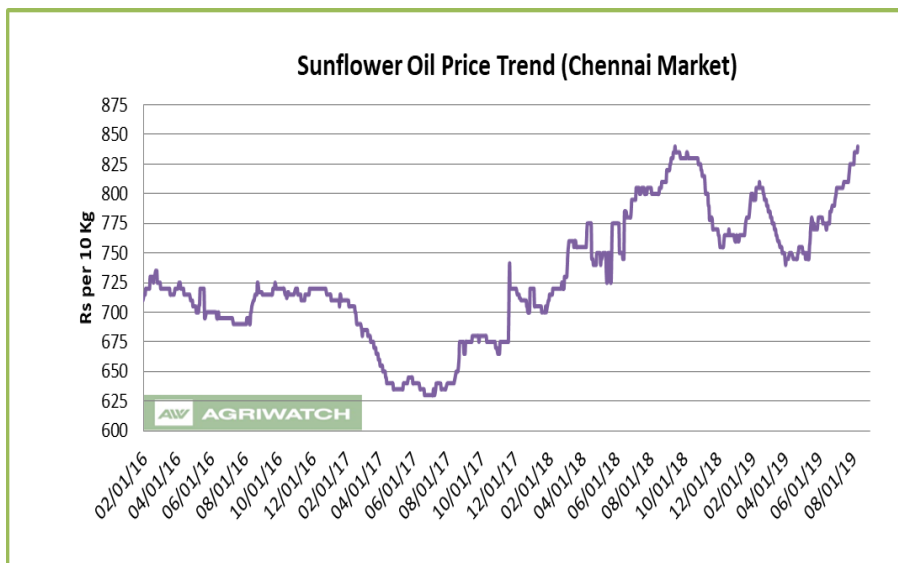
- According to United States Department of Agriculture (USDA) July estimate, India's 2019/20 rapeseed oil import estimates have revised lower to 2.0 lakh tons from 2.75 lakh tons in its earlier estimate, lower by 27 percent. Domestic consumption have been lowered to 27.80 lakh tons from 28.55 lakh tons in its earlier estimate, lower by 2.63 percent. End stocks have been lowered to 1.69 lakh tons from 2.19 lakh tons in its earlier estimate, lower by 22.80 percent. Further, India's 2018/19 rapeseed oil import estimates have revised lower to 1.5 lakh tons from 2.5 lakh tons in its earlier estimate, lower by 40.0 percent. Domestic consumption have been lowered to 27.30 lakh tons from 27.80 lakh tons in its earlier estimate, lower by 1.8 percent. End stocks have been raised to 1.68 lakh tons from 1.18 lakh tons in its earlier estimate, lower by 29.80 percent.
- Rapeseed oil import scenario- India imported 0.0 lakh tons of rapeseed (Canola) oil in June 2019 v/s 0.11 lakh tons in June 2018. In the oil year 2018-19 (Nov 2019-June 2019) imports were 0.44 lakh tons compared to 1.92 lakh tons in last oil year, lower by 77.00 percent y-o-y.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 775 (Rs 780) per 10 Kg, and at Kota market, it is offered at Rs 770 (Rs 770) per 10 kg as on Aug 9, 2019. Values in brackets are figures of last week.
- We expect RM seed oil prices to trade sideways to firm tone in the coming days.

Price Outlook: Rapeseed oil (without GST) prices in Kota may stay in the range of Rs 740-800 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil price traded higher during the week in Chennai on firm demand
- Prices of sunflower oil traded higher in Chennai on firm demand
Sunflower oil price rose at high seas while it fell at CNF markets indicating firm demand at high seas.
Prices rose on rise in palm oil prices.
There can be more buying at these levels. Demand will strengthen due to stability in prices of sunflower oil.



Import demand of sunflower oil is expected to fall due to high sunflower oil premium over palm oil and soy oil. Stocks of sunflower oil rose at ports despite fall in imports indicating weak demand in June.

In domestic market, sunflower oil prices premium over soy oil is at Rs 90 (Rs 85 last week) per 10 kg, which indicates chance of correction of sunflower oil prices, as prices have diverged at domestic and at CNF markets. At present premium of sunflower oil over soy oil at CNF markets is at USD 56.5 (USD 85 last week) per ton.

Demand of sunflower is likely to weaken due to high premium over RBD palmolein.

Sunflower oil premium over RBD palmolein at CNF India is at USD 242.5 (US 272.5 last week) which will decrease imports.

In domestic market refined sunflower oil (Chennai) premium over RBD palmolein (Chennai) is remain at Rs 245 (Rs 250) per 10 kg which is high will underpin sunflower oil in domestic market.

In domestic market, rising groundnut oil premium over sunflower oil at Chennai market is at Rs 180 (Rs 205 last week) per 10 kg will support sunflower oil prices.

There is disparity in imports of sunflower oil, which will decrease import demand.

Cut in import duty on palm oil has increased sunflower oil premium over palm oil in domestic markets.

Prices of sunflower oil will be supported by lower stocks of sunflower oil at ports.

Prices rose on seasonal uptrend of prices.

Imports of sunflower oil fell in June second month in row and port stocks has increased indicating stocking is taking place at ports. Restocking at ports can be seen due to parity in imports.

Firm domestic demand may support prices.

Refiners have decreased purchase of crude sunflower oil from international markets as CNF sunflower oil premium over CNF soybean oil and palm oil has risen.

Prices of sunflower oil are expected to rise on firm demand and seasonal uptrend of prices.

- All India progressive sowing of sunflower oil has reached 0.80 lakh hectares as on 9.08.2019 compared to 0.81 lakh hectares in corresponding period last year. Sowing is slow in state of Karnataka on account of lower rains.

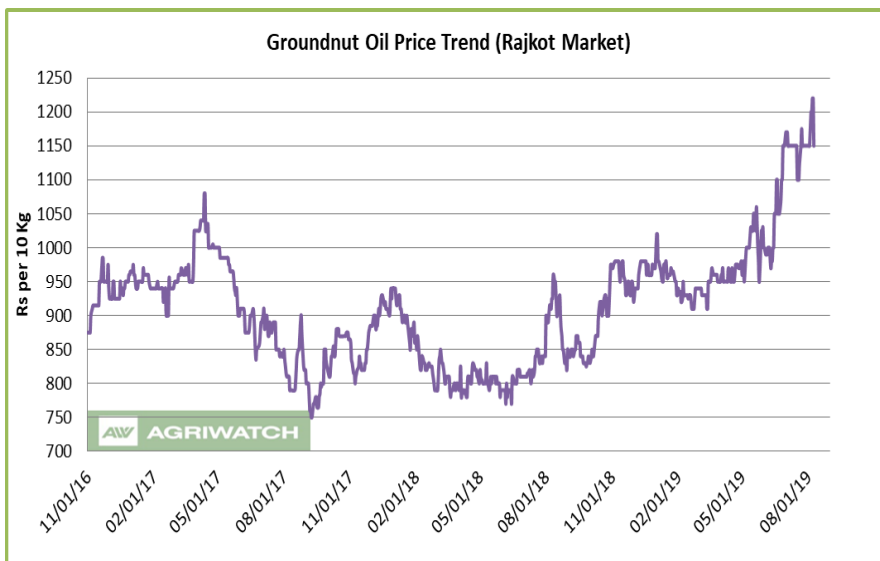
- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports fell 26.70 percent y-o-y in June to 1.62 lakh tons from 2.21 lakh tons in June 2018. Imports in oil year 2018-19 (November 2018-June 2019) were reported lower by 12.67 percent y-o-y at 16.34 lakh tons compared to 18.71 lakh tons in corresponding period last oil year.
- According to United States Department of Agriculture (USDA) July estimate, India's 2019/20 sunflower oil import estimate have been raised to 26.5 lakh tons from 24.5 lakh tons in its earlier estimate, higher by 8.16 percent. Sunflower oil consumption has been raised to 27.5 lakh tons from 25 lakh tons in its earlier estimate, higher by 10 percent. Further, India's 2018/19 sunflower oil import estimate have been raised to 26 lakh tons from 24 lakh tons in its earlier estimate, higher by 8.33 percent. Sunflower oil consumption has been raised to 28.5 lakh tons from 26 lakh tons in its earlier estimate, higher by 9.62 percent.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 820 (USD 822.5) per ton form Aug delivery, Sep delivery is quoted at USD 797.5 (USD 800) per ton, Oct delivery is quoted at USD 782.5 (USD 780) per ton and ND delivery is quoted at USD 770 (USD 770) per ton. CNF sun oil (Ukraine origin) July monthly average was at USD 802.48 per ton compared to USD 758.28 per ton in June. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 780-850 per ton in the near term. CNF Sunflower oil premium over CDSO is hovering remain at USD 56.5 (USD 85 last week) per ton for Sep delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 242.5 (USD 272.5) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 840 (Rs 825) per 10 Kg, and at Kandla/Mudra market, it is offered higher at Rs 835 (Rs 825) per 10 kg as on Aug 9, 2019. Values in brackets are figures of last week.
- We expect sunflower oil prices to trade sideways to firm tone in the coming days.

Price Outlook: Sunflower oil (without GST) prices in Chennai may stay in the range of Rs 800-860 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:-**Domestic Front**

- Groundnut oil prices featured sideways trend in Rajkot on account weak demand.
- Prices of groundnut oil traded sideways during the week on weak demand.

Groundnut oil prices fell during the week on rains in groundnut growing areas which lead to postponement of demand due to expectation of lower prices of groundnut oil due to better crop



expectations. Groundnut crop position improved due to rains in Gujarat, which will improve yields, which was reeling due to lower rains.

Groundnut oil prices fell despite rise in groundnut prices indicating weak demand.

Retail demand is less as seasonally weak demand season.

Demand will rise from end August because of festive demand.

Supply of groundnut oil is improving due to improving supply of groundnut due to auction by NAFED. Only NAFED is having stock of groundnut in the markets with fewer stocks with trade and farmers.

Demand of groundnut oil fell due to sharp rise in prices of groundnut oil.

Retail demand decreased due to higher volatility in prices. Prices may weaken next week on weak demand.

Prices of groundnut oil may fall due to high volatility in its prices. High volatility leads to fall in demand.

There is disparity in all quality of groundnut oil while most of the trade is in medium quality. Groundnut oil is going out of Gujarat at Rs 1000 per 10 kg.

In South India, demand season of groundnut oil is over. Demand in South India remains firm in May-July on demand for pickle, chutney demand and other value added products. Since the demand season is over, prices will remain under pressure.

In South India groundnut, sowing has been very less due to lack of rains. The planting window is almost over and yield loss decrease on standing crop as some rains had arrived in near term.

NAFED disposal of groundnut K-18 has come to standstill in Gujarat, Rajasthan, MP. NAFED is also selling K-17 groundnut seed in Gujarat. Total progressive sale in 2018-19 is 4.19 lakh and balance quantity after sale is 2.99 lakh tons. Total stocks of groundnut of 2017-18 season with NAFED is 0.24 lakh tons and sold total 10.20 lakh tons so far. Therefore, total stock in NAFED is 3.23 lakh tons, while there are little stocks with trade and farmers. Lower domestic disappearance of groundnut has led to weakening of groundnut oil prices.

Exports of groundnut and groundnut oil had decreased due to rise in prices of groundnut leading to diversion of groundnut towards crushing weakening prices.

Groundnut oil prices are expected to rise on weak demand.

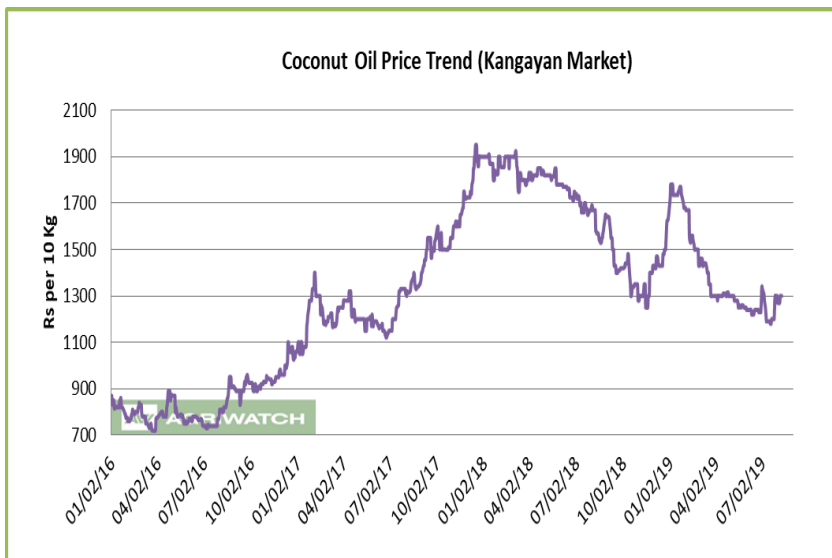
- All India progressive sowing of groundnut as on 9.08.2019 has reached 33.08 lakh hectares compared to 35.36 lakh hectares in corresponding period last year. Sowing is higher than corresponding period last year in Gujarat. However, sowing is lagging in Andhra Pradesh, Karnataka and Rajasthan due to dry conditions.
- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 11,500 (Rs 11,500) per quintal and it was quoted at Rs 10,200 (Rs 10,300) per quintal in Chennai market on Aug 9, 2019. Values in brackets are figures of last week.
- Groundnut oil prices are likely to trade lower in the coming days.

Price Outlook:

Groundnut oil (without GST) in Rajkot market is likely to trade in the price band of Rs 1050-1250 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:- Domestic Front

- Firm price trend was seen in its benchmark market of Kangayam on firm demand.
- Overall coconut oil prices showed firm trend during the week on firm demand and rise in prices of copra.
Prices of coconut oil rose on rise in prices of copra.
Rise in raw material prices led to firm product prices.
Prices rose on rise in palm oil prices.
Palm oil is cheap alternative in South India.



Retail demand will improve due to fall in prices of coconut oil.

In addition, demand will firm up in August ahead of Onam in Kerala in September. Government is procuring coconut to support falling prices, which will support prices in coming days. Tamil Nadu government has planned 30 thousand tons of copra procurement in coming days.

Further, supply of copra is expected to decline due to low harvesting of coconut on monsoons and difficulty in drying of copra due to wet monsoon.

Demand from North India is weak.

Demand of domestic coconut oil is less due to higher imports of copra under advance authorization license where imports of copra are made from Indonesia and Philippines and coconut oil is exported. So, domestic coconut oil exports are negligible.

In addition, coconut oil cake is imported from Indonesia, which is having 10-12 percent oil content compared to 6 percent oil content in India coconut oil cake. The oil from imported oilcake is refined, bleached, deodorized, and mixed into edible coconut oil despite it being non-edible, which makes prices of local coconut oil uncompetitive.

There has been surge in imports of desiccated coconut (DC) from Sri Lanka, which has adversely affected demand of coconut as it is used in various industrial applications and feed industry, prompting higher supply of coconut towards crushing, thereby increasing supply of coconut oil.

Stockists and retailers are not stocking, as the prices have not stabilized.

Corporate demand, which is one of the major contributors, is expected to improve.

Traders and upcountry buyers are not stocking as they are not confident about prices.

Crushers have low stocks of coconut oil despite firm demand.

Due to fall in prices of coconut oil, demand will shift from other oils to coconut oil. Fresh demand is expected in these levels due to fall in prices of coconut oil.

Price trend is biased towards upside.

Demand has improved due to stability in prices of coconut oil.

Consumers tend to increase demand when the prices are rising and there is low volatility in prices.

Demand of coconut oil has fallen due to higher prices in 2019. Household consumption will rise due to lower prices of coconut oil.

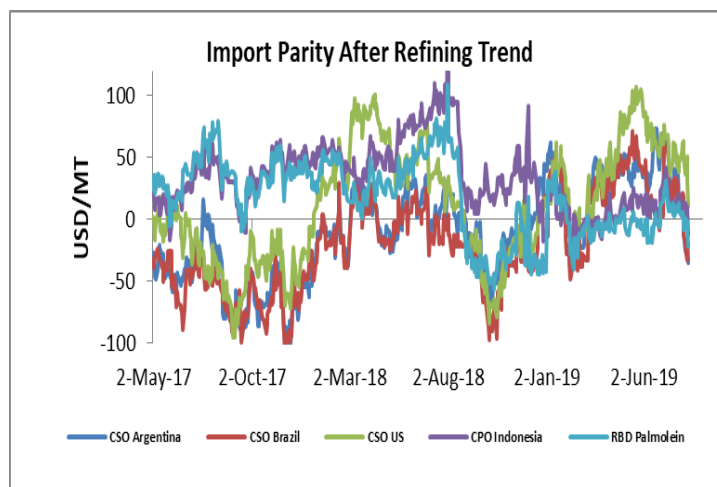
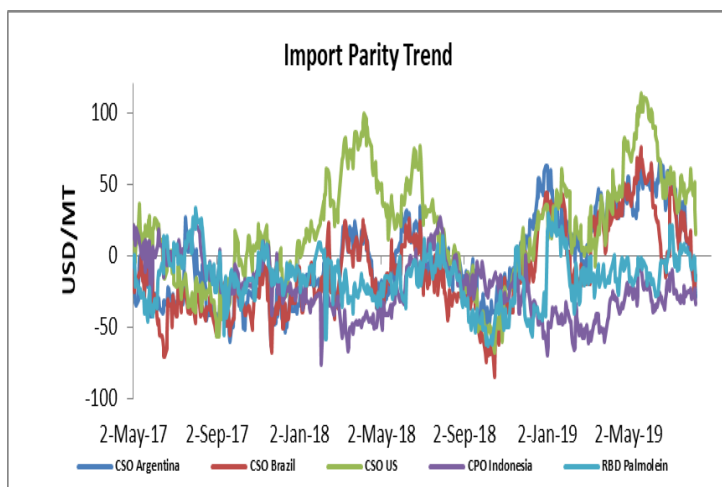
Coconut oil prices are expected to be firm in days ahead.

- On the price front, currently the coconut oil prices in Kochi is hovering remain at Rs 13,900 (Rs 13,400) per quintal, and was quoting Rs 13,000 (Rs 12,700) per quintal in Erode market on Aug 9, 2019.

Price Outlook: Coconut oil (without GST) prices in Erode may stay in the range of Rs 1200-1400 per 10 Kg.

Import Parity Trend

Import Parity After Refining in US dollar per ton (Monthly Average)

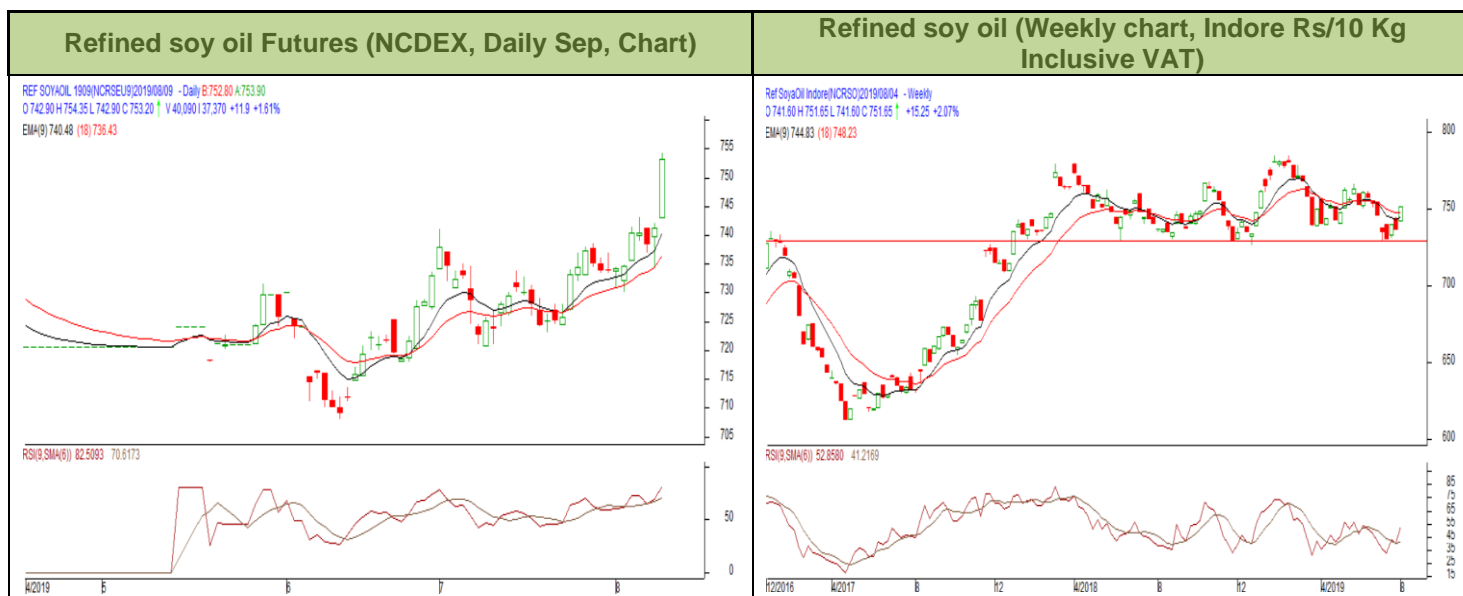


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Jul 22-Jul 26, 2019	25.22	20.35	44.73	15.45	9.42
Jul 29-Aug 2, 2019	6.30	11.82	56.33	9.92	5.83
Aug 5-Aug 9, 2019	-23.68	-24.74	34.61	5.51	-5.18

Outlook:-

Import parity for crude soy oil from Argentina fell due to rise in prices of soy oil in international markets. We expect CDSO import parity to remain weak in medium term. Parity in import of CPO from Indonesia is higher than parity on import of RBD palmolein from Malaysia.

Technical Analysis (Refined soy oil)



Outlook – Refined soybean oil witnessed uptrend during the week in review and is likely to trade with a sideways to firm tone in the coming days.

- Daily chart of refined soy oil at NCDEX depicts uptrend during the week in review. We expect prices to trade sideways to firm tone in the near term.
- Any close below 730 in weekly might take the prices below 720 levels.
- Expected price band for next week is 730-780 level in near to medium term. RSI and MACD is suggesting uptrend in the market.

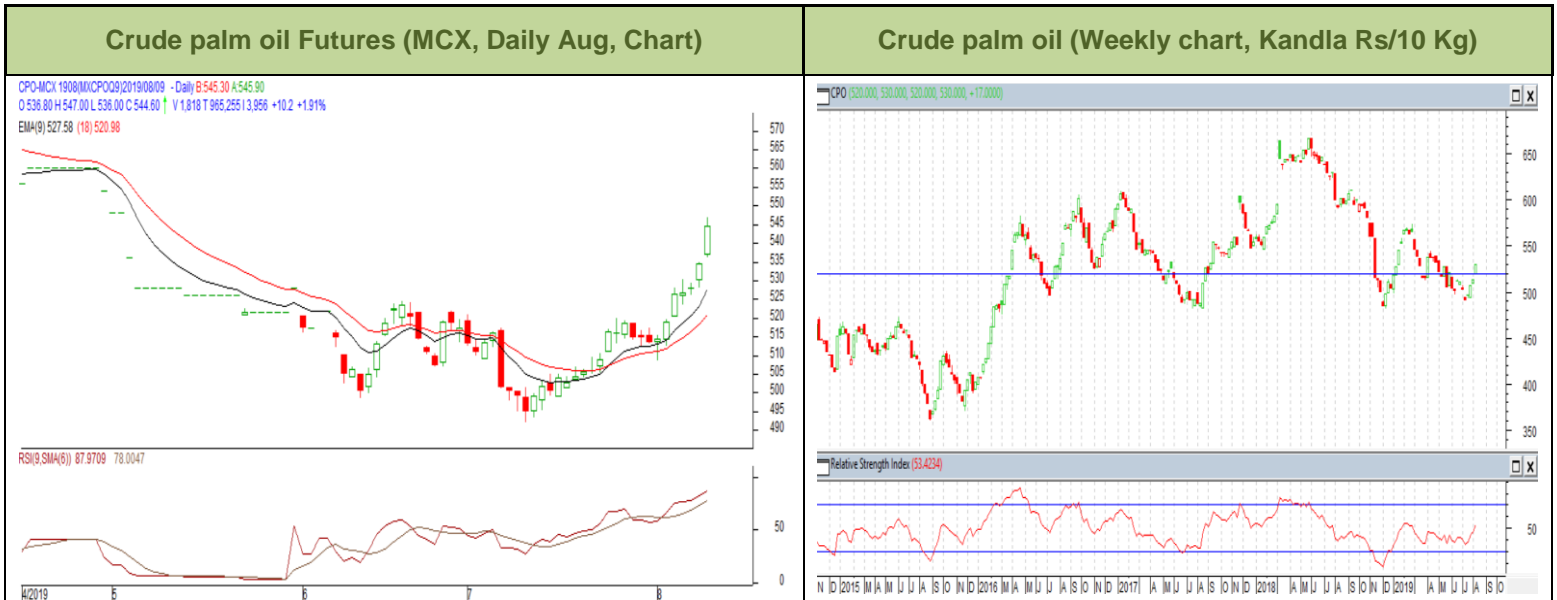
Strategy: Market participants are advised to go long above 750 levels for a target of 765 and 770 with a stop loss at 740 on closing basis.

RSO NCDEX (September)

Support and Resistance				
S2	S1	PCP	R1	R2
725.00	741.00	753.20	765.00	780.00

Spot Market outlook: Refined soy oil Indore (without GST) is likely to stay in the range of Rs 720-780 per 10 Kg.

Technical Analysis (Crude Palm oil)



Outlook - Prices show uptrend in prices during the week. We expect that CPO Aug contract may trade sideways to firm note.

- Candlestick in weekly chart of crude palm oil at MCX depicts firm trend in the prices. We expect prices to trade with a sideways to firm note in the near term.
- Any close below 530 in weekly chart may bring the prices to 520 levels.
- Expected price band for next week is 500-560 level. RSI and MACD are suggesting uptrend in prices in the coming week.

Strategy: Market participants are advised to go long in CPO above 540 for a target of 555 and 560 with a stop loss at 530 on closing basis.

CPO MCX (August)

Support and Resistance				
S2	S1	PCP	R1	R2
520.00	532.00	544.60	550.00	565.00

Spot Market outlook: Crude palm oil (without GST) is likely to stay in the range of Rs 500-560 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		09-Aug-19	02-Aug-19	
Refined Soybean Oil	Indore	747	740	7
	Indore (Soy Solvent Crude)	708	710	-2
	Mumbai	745	745	Unch
	Mumbai (Soy Degum)	705	690	15
	Kandla/Mundra	730	725	5
	Kandla/Mundra (Soy Degum)	705	697	8
	Kolkata	740	725	15
	Delhi	775	770	5
	Nagpur	752	745	7
	Rajkot	730	725	5
	Kota	740	735	5
	Hyderabad	Unq	0	-
	Akola	753	746	7
	Amrawati	753	746	7
	Bundi	745	740	5
	Jalna	749	742	7
	Solapur	744	737	7
	Dhule	751	747	4
Palm Oil*	Kandla (Crude Palm Oil)	557	539	18
	Kandla (RBD Palm oil)	602	572	29
	Kandla RBD Pamolein	625	609	16
	Kakinada (Crude Palm Oil)	557	530	26
	Kakinada RBD Pamolein	620	593	26
	Haldia Pamolein	625	607	18
	Chennai RBD Pamolein	625	601	24
	KPT (krishna patnam) Pamolein	620	593	26
	Mumbai RBD Pamolein	630	614	16
	Mangalore RBD Pamolein	635	609	26
	Tuticorin (RBD Palmolein)	634	603	32
	Delhi	652	640	12
	Rajkot	625	607	18
	Hyderabad	616	581	35
	PFAD (Kandla)	365	347	19
	Refined Palm Stearin (Kandla)	557	530	26
	Superolien (Kandla)	656	641	16
	Superolien (Mumbai)	667	646	21
* inclusive of GST				
Refined Sunflower Oil	Chennai	840	825	15

	Mumbai	845	835	10
	Mumbai(Expeller Oil)	790	790	Unch
	Kandla (Ref.)	835	825	10
	Hyderabad (Ref)	855	830	25
	Latur (Expeller Oil)	800	790	10
	Chellakere (Expeller Oil)	790	760	30
	Erode (Expeller Oil)	870	870	Unch
Groundnut Oil	Rajkot	1150	1150	Unch
	Chennai	1020	1030	-10
	Delhi	1100	1100	Unch
	Hyderabad *	1030	1070	-40
	Mumbai	1075	1100	-25
	Gondal	1100	1100	Unch
	Jamnagar	1100	1100	Unch
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	775	780	-5
	Jaipur (Kacchi Ghani Oil)	802	801	1
	Kota (Expeller Oil)	770	770	Unch
	Kota (Kacchi Ghani Oil)	788	790	-2
	Neewai (Expeller Oil)	770	765	5
	Neewai (Kacchi Ghani Oil)	780	780	Unch
	Bharatpur (Kacchi Ghani Oil)	800	800	Unch
	Sri-Ganga Nagar(Exp Oil)	770	770	Unch
	Sri-Ganga Nagar (Kacchi Ghani Oil)	800	795	5
	Mumbai (Expeller Oil)	800	800	Unch
	Kolkata(Expeller Oil)	930	920	10
	New Delhi (Expeller Oil)	797	794	3
	Hapur (Expeller Oil)	875	875	Unch
	Hapur (Kacchi Ghani Oil)	910	910	Unch
	Agra (Kacchi Ghani Oil)	805	805	Unch
Refined Cottonseed Oil	Rajkot	810	790	20
	Hyderabad	Unq	0	-
	Mumbai	810	810	Unch
	New Delhi	758	760	-2
Coconut Oil	Kangayan (Crude)	1300	1270	30
	Cochin	1340	1390	-50
Sesame Oil	New Delhi	1500	1500	Unch
	Mumbai	Unq	0	-

Kardi	Mumbai	875	880	-5
Rice Bran Oil (40%)	New Delhi	605	600	5
Rice Bran Oil (4%)	Punjab	610	620	-10
Malaysia Palmolein USD/MT	FOB	540	520	20
	CNF India	575	548	27
Indonesia CPO USD/MT	FOB	505	485	20
	CNF India	535	508	27
RBD Palm oil (Malaysia Origin USD/MT)	FOB	535	513	22
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	525	495	30
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	690	665	25
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	400	378	22
Crude palm Kernel Oil India (USD/MT)	CNF India	655	635	20
Ukraine Origin CSFO USD/MT Kandla	CIF	820	797	23
Rapeseed Oil Rotterdam Euro/MT	FOB	775	767	8
Argentina FOB (\$/MT)		9-Aug-19	2-Aug-19	Change
Crude Soybean Oil Ship		690	675	15
Refined Soy Oil (Bulk) Ship		714	699	15
Sunflower Oil Ship		726	725	1
Cottonseed Oil Ship		670	655	15
Refined Linseed Oil (Bulk) Ship		Unq	0	-
* indicates including GST				

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